

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
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INFO AMEMBASSY LISBON
ALL EC CAPITALS 3077

C O N F I D E N T I A L EC BRUSSELS 1150

E.O.11652: GDS
TAGS: EEC PO
SUBJECT: ECONOMIC/FINANCIAL ASSISTANCE FOR PORTUGAL

REF: EC BRUSSELS 779

1. IN FEBRUARY 4 CONVERSATION WITH EC COMMISSION SECRETARY GENERAL EMILE NOEL, DCM FOLLOWED UP ON VICE PRESIDENT MONDALE'S STATEMENT TO COMMISSION PRESIDENT JENKINS ON IMPORTANCE OF U.S. AND WESTERN EUROPEAN CONTRIBUTION TO STABILIZATION OF PORTUGUESE ECONOMY, BY ASKING WHAT PLANS EC IS FORMULATING IN THIS REGARD. NOEL REPLIED THAT EC AS SUCH HAS NO PRESENT PLANS FOR FURTHER ASSISTANCE, SINCE EC RECENTLY SIGNED A FINANCIAL PROTOCOL WITH PORTUGAL (LAST SEPTEMBER), EC BUDGET IS COMMITTED AND, IN ANY CASE, EC FUNDING MECHANISMS ARE GEARED MORE FOR ECONOMIC DEVELOPMENT ASSISTANCE THAN FOR EXTENDING THE KIND OF FINANCIAL AID NECESSARY TO UNDERWRITE A PORTUGUESE STABILIZATION PROGRAM. HOWEVER, NOEL RECOGNIZED THAT EUROPEANS WILL NEED TO CONTRIBUTE MORE AND THOUGHT THAT MOST ACCEPTABLE APPROACH WOULD BE FOR EC MEMBER STATES TO "CONCERT" ON POSSIBLE BILATERAL PROGRAMS, SO AS TO GIVE THESE A COMMUNITY CHARACTER. ASKED HOW AND WHEN THIS MIGHT BE DONE, NOEL PROPOSED THAT U.K., AS COUNCIL PRESIDENT, AND COMMISSION WORK OUT A JOINT PROPOSAL WHICH COULD BE CONFIDENTIAL

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TAKEN UP AS SOON AS READY IN ANY ONE OF A NUMBER OF POSSIBLE EC FORA (E.G., POLITICAL COOPERATION, FINANCE MINISTERS' COUNCIL, MONETARY COMMITTEE, ETC.). NOEL THOUGHT IT WOULD BE MISTAKE FOR EITHER PRESIDENCY OR COMMISSION TO ACT ON THEIR OWN INDEPENDENTLY, BUT TOGETHER THEY COULD PROBABLY ASSURE AN EFFECTIVE PROGRAM THAT MEMBER STATES COULD SUPPORT.

2. RECOMMENDATIONS:

A. IN LIGHT OF NOEL'S COMMENT, WE THINK IT WOULD BE USEFUL FOR THE USG TO TAKE AN EARLY OPPORTUNITY TO SHARE WITH THE U.K. IN ITS ROLE AS EC COUNCIL PRESIDENT THE U.S. ESTIMATE OF THE AMOUNT OF ASSISTANCE THAT WILL BE NECESSARY FOR PORTUGAL, ANY IDEAS WE HAVE ON SOURCES OF ASSISTANCE, AND, PARTICULARLY, OUR ESTIMATE OF THE AMOUNTS THAT WILL BE NECESSARY FROM WESTERN EUROPE. WE COULD SUGGEST U.K. CONSIDER TAKING INITIATIVE IN RAISING ISSUE IN WHATEVER EC FORUM IT CONSIDERS BEST TO TRY TO DEVELOP COORDINATED EC APPROACH.

B. WE ALSO THINK IT WOULD BE USEFUL FOR USEC TO FOLLOW UP SUCH A DISCUSSION WITH THE BRITISH BY PRESENTING U.S. VIEWS TO THE COMMISSION, SINCE OUR RECENT CONVERSATIONS WITH COMMISSION OFFICIALS INDICATE A DESIRE ON THEIR PART TO BE HELPFUL TO THE OVERALL EFFORT ON PORTUGAL ONCE THEY FULLY UNDERSTAND THE MAGNITUDE OF THE PROBLEM (REFTEL). HINTON

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